

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA,
A COMPONENT UNIT OF THE CITY OF
LEMMON, SOUTH DAKOTA**

**FINANCIAL STATEMENTS
(Audited)**

SEPTEMBER 30, 2012

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA
A COMPONENT UNIT OF THE CITY OF
LEMMON, SOUTH DAKOTA**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements	
Balance Sheet	9
Statement of Revenues and Expenses and Changes in Fund Net Assets	10
Statement of Cash Flows	11
Notes to Financial Statements	13
Supplementary Information	23
The Financial Data Schedule	
Balance Sheets	24
Income Statement	28
Memo Account Information	33
Report on Internal Control Over Financial Reporting and on Compliance and Others Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	36
Schedule of Prior Audit Findings	38
Schedule of Findings and Responses	39



certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
The Housing and Redevelopment Commission
of the City of Lemmon, South Dakota

We have audited the accompanying financial statements of **The Housing and Redevelopment Commission of the City of Lemmon, South Dakota, a component unit of the City of Lemmon, South Dakota** (the Commission), as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Housing and Redevelopment Commission of the City of Lemmon, South Dakota, a component unit of the City of Lemmon, South Dakota, as of September 30, 2012, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Madison Office

112 South Eagan Avenue
PO Box 505
Madison, SD 57042
605-256-9165
Fax: 605-256-2872

Yankton Office

207 Douglas Ave
PO Box 1018
Yankton, SD 57078
605-665-4401
Fax: 605-665-0592

Sioux Falls Office

507 West 10th Street
PO Box 876
Sioux Falls, SD 57101
605-336-0372
Fax: 605-336-6842

Toll Free: 1-800-456-0889

e-mail: wrc@wrccpa.com

Member of: Private Companies Practice Section American Institute of CPA's, South Dakota Society of CPA's

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013, on our consideration of The Housing and Redevelopment Commission of the City of Lemmon, South Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The Commission's Financial Data Schedule (FDS), as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Commission. The FDS is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Wohlenberg Ritzman + Co., LLC

Yankton, South Dakota
June 20, 2013

*Lemmon Housing Authority
Management's Discussion and Analysis
For the Year Ended September 30, 2012*

Introduction

This Management's Discussion and Analysis (MD&A) of the Lemmon Housing Authority (Authority) provides an introduction and overview to the financial statements of the Lemmon Housing Authority for the fiscal year ended September 30, 2012. The Lemmon Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended September 30, 2012, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Lemmon Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's basic financial statements and related notes to the financial statements.

The Authority has three individual programs. They include the Low Rent Public Housing Program, Capital Fund Program, and a Management Program.

- The Low Rent Program consists of 43 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.
- The Capital Fund Program is also a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- The Management Program manages 8 units developed by the Lemmon Housing Authority and financed by Housing Development Bonds. Rent for the units is based on current market rates.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's basic financial statements. The basic financial statements are comprised of three individual statements. These statements include:

- The Balance Sheet
- The Statement of Revenues, Expenses and Changes in Fund Net Assets
- The Statement of Cash Flows

Management's Discussion and Analysis-Cont.

The Balance Sheet presents information on the assets and liabilities, with the differences between the two being reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Assets is comprised of three individual components:

- *Invested in Capital Assets, Net of Related Debt* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets
- *Restricted Net Assets* consists of assets that are restricted by limitations placed on these assets by an external source or party.
- *Unrestricted Net Assets* consists of net assets that do not meet the definition of the above categories. Unrestricted net assets represent the amount of funds available for future year appropriations.

The Statement of Revenues, Expenses and Changes in Fund Net Assets reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended September 30, 2012 to determine the change in net assets for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended September 30, 2012.

Financial Highlights

- The Lemmon Housing Authority's total net assets decreased from \$985,887 to \$859,646; a decrease of \$126,241 or 12.80%. Total assets decreased by \$69,044 or 4.26%.
- Unrestricted net assets are \$113,680 at September 30, 2012. This represents a decrease of \$93,357 or 45.09% from the previous year.
- Total revenues decreased from \$328,833 to \$256,792, an decrease of \$72,041 or 21.91%.
- Total expenses increased by \$10,192, from \$372,841 to \$383,033 for the current year. This represents an increase of 2.73%.

Management's Discussion and Analysis-Cont.

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended September 30, 2012 and September 30, 2011.

Table 1 Condensed Balance Sheet				
	2012	2011	Dollar Change	Percentage Change
Current Assets	159,257	235,816	(76,559)	-32.47%
Capital Assets (Net of Depreciation)	1,391,947	1,384,432	7,515	0.54%
Total Assets	1,551,204	1,620,248	(69,044)	-4.26%
Current Liabilities	71,553	51,975	19,578	37.67%
Noncurrent Liabilities	620,005	582,386	37,619	6.46%
Total Liabilities	691,558	634,361	57,197	9.02%
Invested in Capital Assets	745,966	778,850	(32,884)	-4.22%
Unrestricted Net Assets	113,680	207,037	(93,357)	-45.09%
Total Net Assets	859,646	985,887	(126,241)	-12.80%
Total Liabilities and Net Assets	1,551,204	1,620,248	(69,044)	-4.26%

Current Assets

The decrease in Current Assets is primarily due to unrestricted cash, which decreased from \$148,303 to \$83,966, a decrease of \$64,337 from September 30, 2011 to September 30, 2012. The decrease is due to the capital asset purchases and debt payments.

Capital Assets

Capital assets, net of accumulated depreciation increased by \$7,515. This is due to capital purchases exceeding depreciation expense and will be discussed in the capital assets section.

Current Liabilities

Current liabilities increased from \$51,975 to 71,553; an increase of \$19,578 from September 30, 2011 to September 30, 2012. This is due to larger accounts payable balances and additional debt payments required in the coming year.

Management's Discussion and Analysis-Cont.

Net Assets

The Authority's total net assets decreased \$126,241 from the previous year.

The Authority's unrestricted net assets decreased from \$207,037 to \$113,680; a decrease of \$93,357 or 45.09% from the prior year. The unrestricted net assets represent the amount available for future appropriations. This balance is subject to program specific guidelines. Individual program balances are as follows:

Low Rent Housing Program	\$ 113,141
Management Program	<u>539</u>
 Total	 <u>\$ 113,680</u>

Table 2 Condensed Statement of Revenues, Expenses and Changes in Net Assets				
	2012	2011	Dollar Change	Percentage Change
Operating Revenue:				
Rental Income	199,916	189,815	10,101	5.32%
Other Operating Income	3,729	2,781	948	34.09%
Nonoperating Revenue:				
Operating Grants	44,015	86,134	(42,119)	-48.90%
Capital Grants	7,354	47,520	(40,166)	-84.52%
Investment Income	533	1,383	(850)	-61.46%
Other Income	1,245	1,200	45	3.75%
Total Revenues	<u>256,792</u>	<u>328,833</u>	<u>(72,041)</u>	<u>-21.91%</u>
Expenses				
Administration	63,133	71,619	(8,486)	-11.85%
Tenant Services	2,223	1,390	833	59.93%
Utilities	52,818	48,394	4,424	9.14%
Maintenance and Operation	117,109	103,285	13,824	13.38%
General Expense	31,317	28,884	2,433	8.42%
Interest Expense	21,801	28,686	(6,885)	-24.00%
Depreciation	94,632	90,583	4,049	4.47%
Total Expenses	<u>383,033</u>	<u>372,841</u>	<u>10,192</u>	<u>2.73%</u>
Change in Net Assets	(126,241)	(44,008)	(82,233)	186.86%
Beginning Net Assets	985,887	1,029,895	(44,008)	-4.27%
Ending Net Assets	859,646	985,887	(126,241)	-12.80%

Management's Discussion and Analysis-Cont.

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants (Operating and Capital Funds). The Authority's revenue decreased \$72,041 during the current fiscal year. Significant changes noted between the current and prior fiscal years include:

- Operating and Capital Grant revenue decreased \$82,285 during the current year. This was due to an anticipated decrease in HUD funding.
- Rental revenues increased by 5.32% due primarily to expansion in the Management Program.

Total expenses increased \$10,192 from the previous year. Significant changes in specific accounts include the following:

- The increase is due primarily to maintenance costs and utilities.
- Interest expense decreased in spite of an increase in overall debt. The rate on one of the Revenue Bonds was lowered significantly toward the end of the prior fiscal year.

Capital Assets

As of September 30, 2012, the Lemmon Housing Authority's investment in capital assets was \$1,391,947. This investment includes land, buildings, and equipment.

Table 3 Changes in Capital Assets				
	2012	2011	Dollar Change	Percentage Change
Land	74,489	72,489	2,000	2.76%
Consturction in Progress	-	21,675	(21,675)	-100.00%
Buildings and Improvements	2,601,791	2,490,089	111,702	4.49%
Furniture and Equipment	75,673	65,553	10,120	15.44%
Accumulated Depreciation	(1,360,006)	(1,265,374)	(94,632)	7.48%
Capital Assets (Net)	1,391,947	1,384,432	7,515	0.54%

The Management Program purchased two additional rental units.

The increase in equipment is due to the purchase of maintenance equipment.

Management's Discussion and Analysis-Cont.

Debt Administration

Table 4 Changes in Long-Term Liabilities				
	2012	2011	Dollar Change	Percentage Change
Revenue Bonds	581,745	605,582	(23,837)	-3.94%
Notes Payable	64,236	-	64,236	100.00%
Compensated Absences	2,472	1,112	1,360	122.30%
Total	648,453	606,694	41,759	6.88%

As of September 30, 2012 the Authority had \$581,745 in revenue bonds outstanding. During the current year, the Management Program financed the purchase of two rental units with mortgage notes payable. Refer to the Notes to the Financial Statements for further discussion of the Bonds and Notes Payable.

The Compensated Absences represent employee leave payable at the end of the year. Authority classifies a portion of the employee's leave as long term. This is because the Authority does not anticipate paying out the total amount accrued in the upcoming fiscal year. The amount estimated as long term was \$1,631.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Lemmon Housing Authority
Cathy Evans, Executive Director
206 6th Street
Lemmon, SD 57638

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA
A COMPONENT UNIT OF THE CITY OF
LEMMON, SOUTH DAKOTA**

BALANCE SHEET
SEPTEMBER 30, 2012

ASSETS

Current assets:	
Cash and cash equivalents	\$ 83,966
Restricted cash and cash equivalents	8,960
Certificates of deposit	58,891
Accounts receivable - tenants, net of allowance for doubtful accounts of \$166	110
Accrued interest receivable	199
Prepaid insurance	5,284
Inventories, net of allowance for obsolete inventories of \$205	<u>1,847</u>
Total current assets	<u>159,257</u>
Noncurrent assets:	
Capital assets:	
Land	74,489
Buildings and improvements	2,601,791
Furniture and equipment	75,673
Accumulated depreciation	<u>(1,360,006)</u>
Total noncurrent assets	<u>1,391,947</u>
Total assets	<u>\$ 1,551,204</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable - vendors	\$ 13,380
Accrued wage/payroll taxes payable	1,088
Accrued interest payable	1,662
Other accrued liabilities	3,218
Payments in lieu of taxes	14,140
Tenants security deposits	8,960
Deferred revenue	657
Current portion of noncurrent liabilities:	
Revenue bonds and notes payable	27,607
Accrued compensated absences	<u>841</u>
Total current liabilities	<u>71,553</u>
Noncurrent liabilities:	
Revenue bonds and notes payable	618,374
Accrued compensated absences	<u>1,631</u>
	<u>620,005</u>
Total Liabilities	<u>691,558</u>
Net assets:	
Invested in capital assets, net of related debt	745,966
Unrestricted	<u>113,680</u>
Total net assets	<u>859,646</u>
Total liabilities and net assets	<u>\$ 1,551,204</u>

The accompanying notes are
an integral part of these financial statements.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA
A COMPONENT UNIT OF THE CITY OF
LEMMON, SOUTH DAKOTA**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

OPERATING REVENUES	
Dwelling rental	\$ 150,008
Pledged as security for revenue bonds:	
Dwelling rentals	44,206
Tenant revenue-other	5,702
Other operating revenue	<u>3,729</u>
Total operating revenues	<u>203,645</u>
OPERATING EXPENSES	
Administration	63,133
Tenant services	2,223
Utilities	52,818
Maintenance and operations	117,109
Insurance	11,529
Other general expenses	19,788
Depreciation	<u>94,632</u>
Total operating expenses	<u>361,232</u>
Operating (loss)	<u>(157,587)</u>
NONOPERATING REVENUES (EXPENSES)	
HUD operating grants	44,015
Investment income	533
Sale of surplus property	1,245
Interest expense	<u>(21,801)</u>
Total nonoperating revenues	<u>23,992</u>
Income before contributions	(133,595)
Capital contributions	<u>7,354</u>
Change in net assets	(126,241)
Net assets - beginning of year	<u>985,887</u>
Net assets - end of year	<u>\$ 859,646</u>

The accompanying notes are
an integral part of these financial statements.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA
A COMPONENT UNIT OF THE CITY OF
LEMMON, SOUTH DAKOTA**

STATEMENT OF CASH FLOWS - PAGE 1 OF 2
FOR THE YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 204,600
Payments to employees	(88,158)
Payments to others for goods and services	(149,694)
Payments in lieu of taxes	(14,161)
Payments from tenants in escrow	<u>465</u>
Net cash (used in) operating activities	<u>(46,948)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES**

Operating grants received	<u>50,667</u>
---------------------------	---------------

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Capital grants received	14,529
Acquisitions of capital assets	(102,147)
Proceeds from sale of surplus property	1,245
Proceeds from the issuance of debt	65,600
Principal payments on long-term capital debt	(25,201)
Interest payments on long-term capital debt	<u>(21,854)</u>
Net cash (used) in capital and related financing activities	<u>(67,828)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	795
Purchase of certificates of deposit	<u>(558)</u>
Net cash provided by investing activities	<u>237</u>

Net decrease in cash (63,872)

Balances - beginning of the year 156,798

Balances - end of the year \$ 92,926

RECONCILIATION OF CASH TO THE BALANCE SHEET

Cash and cash equivalents	\$ 83,966
Restricted cash and cash equivalents	<u>8,960</u>
Total cash	<u>\$ 92,926</u>

The accompanying notes are an integral part
of these financial statements.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA
A COMPONENT UNIT OF THE CITY OF
LEMMON, SOUTH DAKOTA**

STATEMENT OF CASH FLOWS - PAGE 2 OF 2
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Reconciliation of operating (loss) to net (used in)	
operating activities:	
Operating (loss)	\$ (157,587)
Adjustments to reconcile operating (loss) to net cash	
(used in) operating activities:	
Depreciation expense	94,632
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable - tenants	314
Prepaid insurance	293
Inventories	(1,451)
Increase (decrease) in:	
Accounts payable - vendor	11,969
Accrued wages/payroll taxes payable	(435)
Accrued compensated absences	1,360
Other accrued liabilities	2,545
Payments in lieu of taxes	306
Deferred revenue	641
Tenant security deposits	465
Net cash (used in) operating activities	<u>\$ (46,948)</u>

The accompanying notes are an integral part
of these financial statements.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Housing and Redevelopment Commission of the City of Lemmon, South Dakota (the Commission) was organized in 1968 pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low income public housing pursuant to the United States Housing Act of 1937, (42 U.S.C. 1401, et seq.). The mayor and City commissioners appoint the five members of the governing board for five-year staggered terms. The public housing authority (PHA) board elects its own chairperson and recruits and employs its management personnel and other workers. The local governing board of the City of Lemmon, South Dakota has the ability to veto or otherwise modify a housing commission's decision to construct a specific project and issue debt.

The primary government is the City of Lemmon, South Dakota.

The Housing and Redevelopment Commission of the City of Lemmon, South Dakota, a component unit of the City of Lemmon complies with GASB Statement No. 14, *The Financial Reporting Entity*.

This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Commission considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to be included in the Commission's financial statements.

Nature of Business

The Housing and Redevelopment Commission of the City of Lemmon, South Dakota administers PAS/LOCCS Project No. SD025-1, under Annual Contribution Contract DEN-569 consisting of 43 conventional low rent units.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS – continued
SEPTEMBER 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Nature of Business, continued

Additionally, the Commission has constructed two four-plex rental facilities and purchased two single-family rental properties. These projects are not low income housing programs and rental charges are based upon current market rate for similar type housing in the local area.

Basis of Presentation

All activities of the Commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the balance sheet and the operating statement present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

**NOTES TO FINANCIAL STATEMENTS – continued
SEPTEMBER 30, 2012**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Commission considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit, regardless of maturity, are not considered to be cash equivalents.

Accounts Receivable

All tenants accounts receivable are shown net of an allowance for doubtful accounts. The allowances for uncollectible accounts receivable is calculated based on historical trend data.

Capital Assets

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

Capital assets are recorded at cost. Donated capital assets are valued at their estimated fair value on the date donated. Interest costs incurred during construction of capital assets are capitalized along with other capital asset costs. Depreciation is computed principally by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	15-40
Improvements other than buildings	15
Furniture and equipment	3-5

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS – continued
SEPTEMBER 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Equity Classifications

Equity is classified as net assets and is displayed in two components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by amount of any bonds or mortgage notes.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Application of Net Assets

It is the Commission’s policy to first use restricted net assets (if any), prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the entity. For the Commission, these revenues are charges for dwelling rents. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the entity. Revenues and expenses not meeting these definitions are reported as nonoperating revenue. The primary nonoperating revenue is HUD PHA grants.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS – continued
SEPTEMBER 30, 2012

2. DEPOSITS AND INVESTMENTS

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The Commission's deposits are made in qualified public depositories as defined by SDCL 4-6A-1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – In general, SDCL 4-5-6 permits housing authority funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial risk. As of September 30, 2012, the Commission's deposits were fully insured or collateralized and were not exposed to custodial credit risk.

Investments – As of September 30, 2012, the Commission had no investments.

Interest Rate Risk – The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS – continued
SEPTEMBER 30, 2012

2. DEPOSITS AND INVESTMENTS, continued

Credit Risk – State law limits eligible investments for the Commission, as discussed above. The Commission has no investment policy that would further limit its investment choices. As of September 30, 2012, the Commission had no investments.

Concentration of Credit Risk – The Commission places no limit on the amount that may be invested in any one issuer. As of September 30, 2012, the Commission had no investments.

3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 72,489	\$ 2,000	\$ -	\$ 74,489
Construction in progress	21,675	-	(21,675)	-
Total capital assets not being depreciated	94,164	2,000	(21,675)	74,489
Capital assets being depreciated:				
Buildings and improvements	2,490,089	111,702	-	2,601,791
Furniture and equipment	65,553	10,120	-	75,673
Total capital assets being depreciated	2,555,642	121,822	-	2,677,464
Less accumulated depreciation for:				
Buildings and improvements	1,224,122	87,196	-	1,311,318
Furniture and equipment	41,252	7,436	-	48,688
Total accumulated depreciation	1,265,374	94,632	-	1,360,006
Total capital assets being depreciated, net	1,290,268	27,190	-	1,317,458
Capital assets, net	\$ 1,384,432	\$ 29,190	\$ (21,675)	\$ 1,391,947

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

**NOTES TO FINANCIAL STATEMENTS – continued
SEPTEMBER 30, 2012**

4. LONG-TERM LIABILITIES

Long-term liabilities for the year ended September 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One year
Revenue bonds	\$ 605,582	\$ -	\$ (23,837)	\$ 581,745	\$ 3,051
Notes payable	-	65,600	(1,364)	64,236	24,556
Total debt payable	605,582	65,600	(25,201)	645,981	27,607
Compensated absences	1,112	1,831	(471)	2,472	841
Total long-term liabilities	<u>\$ 606,694</u>	<u>\$ 67,431</u>	<u>\$ (25,672)</u>	<u>\$ 648,453</u>	<u>\$ 28,448</u>

Revenue bonds payable at September 30, 2012, consist of two issues secured by real estate mortgages on and the assignments of leases and rents on the Commission's two four-plex projects. The City of Lemmon, South Dakota, guarantees payment of the bonds to a limit of 25% of the original principal amount of the bonds, for a total of \$165,500.

Long-term liabilities at September 30, 2012, are comprised of the following:

Revenue Bonds:

\$300,000 Essential Function Housing Development

Revenue Bonds, Series 2001; Maturity date
June 1, 2031; 1.82% interest rate; secured by
mortgage; \$1,511 monthly payments

\$ 230,877

\$390,000 Essential Function Housing Development

Revenue Bonds, Series 2006; Maturity date
June 1, 2036; 4.50% interest rate; secured by
mortgage; \$2,172 monthly payments

350,868

\$36,000 mortgage note payable – financial institution

5.00% interest rate; \$285 monthly payments;
balloon payment due November 2014;
secured by mortgage

34,636

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS – continued
SEPTEMBER 30, 2012

4. LONG-TERM LIABILITIES, continued

Notes Payable:

\$29,600 mortgage note payable – financial institution
5.00% interest rate; \$234 monthly payments;
balloon payment due September 2015;
secured by mortgage 29,600

Compensated Absences:

Vacation payable to employees as of
September 30, 2012 2,472

Total Long-Term Liabilities \$ 648,453

The two bond issues have provisions to adjust interest rates every 5 years.

The annual requirements to amortize debt outstanding as of September 30, 2012, except for compensated absences, are as follows:

Year Ending September 30,	Revenue Bonds and Notes Payable		
	Principal	Interest	Total
2013	\$ 27,607	\$ 22,829	\$ 50,436
2014	28,541	21,895	50,436
2015	84,002	19,711	103,713
2016	26,851	17,355	44,206
2017	27,680	16,526	44,206
2018 - 2022	151,851	69,180	221,031
2023 - 2027	141,445	44,517	185,962
2028 - 2032	139,636	18,439	158,075
2033 - 2037	<u>18,368</u>	<u>333</u>	<u>18,701</u>
Total	<u>\$ 645,981</u>	<u>\$ 230,785</u>	<u>\$ 876,766</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

**NOTES TO FINANCIAL STATEMENTS – continued
SEPTEMBER 30, 2012**

5. PAYMENTS IN LIEU OF TAXES

Payment in lieu of taxes at September 30, 2012 was \$14,467. The expense represents 10% of gross rents less utilities.

6. RETIREMENT PLAN

All employees, except for part-time employees who work less than twenty hours per week and temporary employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivors' benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, South Dakota 57501-1098 or by calling (605) 773-3731.

General employees are required by state statute to contribute 6% of their salary to the plan. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The Commission's share of contributions to the SDRS for the fiscal years ended September 30, 2012, 2011 and 2010 was \$3,340, \$3,183, and \$2,390, respectively, equal to the required contributions each year.

7. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During the period ended September 30, 2012 the Commission managed its risks as follows:

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS – continued
SEPTEMBER 30, 2012

7. **RISK MANAGEMENT, continued**

Employee Health Insurance

The Commission purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance

The Commission purchases liability insurance risks related to torts, theft, or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation

The Commission purchases liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits

The Commission provides coverage for unemployment benefits by paying into the unemployment compensation fund established by state law and managed by the State of South Dakota.

SUPPLEMENTARY INFORMATION

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF LEMMON, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended September 30, 2012

				14.850a	
Line Item No.	Description	Total Programs	Elimination	Total Low Rent and Capital Fund	Business Activities
Balance Sheet					
111	Cash-unrestricted	\$ 142,857	\$ -	\$ 125,363	\$ 17,494
112	Cash-restricted-modernization and development	\$ -	\$ -	\$ -	\$ -
113	Cash-other restricted	\$ -	\$ -	\$ -	\$ -
114	Cash-tenant security deposits	\$ 8,960	\$ -	\$ 2,520	\$ 6,440
115	Cash - Restricted for payment of current liability	\$ -	\$ -	\$ -	\$ -
100	Total Cash	\$ 151,817	\$ -	\$ 127,883	\$ 23,934
121	Accounts receivable - PHA projects	\$ -	\$ -	\$ -	\$ -
122	Accounts receivable - HUD other projects				
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ -	\$ -	\$ -	\$ -
122-020	Accounts receivable - HUD other projects - Capital fund	\$ -	\$ -	\$ -	\$ -
122-030	Accounts receivable - HUD other projects - Other	\$ -	\$ -	\$ -	\$ -
	Total Accounts receivable - HUD other projects	\$ -	\$ -	\$ -	\$ -
124	Account receivable - other government	\$ -	\$ -	\$ -	\$ -
125	Accounts receivable - miscellaneous	\$ -		\$ -	
125-010	Account receivable - miscellaneous - Not For Profit	\$ -	\$ -	\$ -	\$ -
125-020	Account receivable - miscellaneous - Partnership	\$ -	\$ -	\$ -	\$ -
125-030	Account receivable - miscellaneous - Joint Venture	\$ -	\$ -	\$ -	\$ -
125-040	Account receivable - miscellaneous - Tax Credit	\$ -	\$ -	\$ -	\$ -
125-050	Account receivable - miscellaneous - Other	\$ -	\$ -	\$ -	\$ -
125-060	Other - Comment				
	Total Account receivable - miscellaneous	\$ -	\$ -	\$ -	\$ -
126	Accounts receivable - tenants	\$ 276	\$ -	\$ 276	\$ -
126.1	Allowance for doubtful accounts - tenants	\$ (166)	\$ -	\$ (166)	\$ -
126.2	Allowance for doubtful accounts - other	\$ -	\$ -	\$ -	\$ -
127	Notes, Loans, & Mortgages Receivable - Current	\$ -	\$ -	\$ -	\$ -
128	Fraud recovery	\$ -	\$ -	\$ -	\$ -
128.1	Allowance for doubtful accounts - fraud	\$ -	\$ -	\$ -	\$ -
129	Accrued interest receivable	\$ 199	\$ -	\$ 199	\$ -
120	Total receivables, net of allowance for doubtful accounts	\$ 309	\$ -	\$ 309	\$ -
131	Investments - unrestricted	\$ -	\$ -	\$ -	\$ -
132	Investments - restricted	\$ -	\$ -	\$ -	\$ -
135	Investments - Restricted for payment of current liability	\$ -	\$ -	\$ -	\$ -
142	Prepaid expenses and other assets	\$ 5,284	\$ -	\$ 3,961	\$ 1,323
143	Inventories	\$ 2,052	\$ -	\$ 2,052	\$ -
143.1	Allowance for obsolete inventories	\$ (205)	\$ -	\$ (205)	\$ -
144	Inter program - due from	\$ -	\$ -	\$ -	\$ -
145	Assets held for sale	\$ -	\$ -	\$ -	\$ -
150	Total Current Assets	\$ 159,257	\$ -	\$ 134,000	\$ 25,257
161	Land	\$ 74,489	\$ -	\$ 53,489	\$ 21,000
162	Buildings	\$ 2,601,791	\$ -	\$ 1,794,617	\$ 807,174

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF LEMMON, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended September 30, 2012

				14.850a	
Line Item No.	Description	Total Programs	Elimination	Total Low Rent and Capital Fund	Business Activities
163	Furniture, equipment and machinery - dwellings	\$ 2,552	\$ -	\$ 2,552	\$ -
164	Furniture, equipment and machinery - administration	\$ 73,121	\$ -	\$ 73,085	\$ 36
165	Leasehold improvements	\$ -	\$ -	\$ -	\$ -
166	Accumulated depreciation	\$ (1,360,006)	\$ -	\$ (1,220,220)	\$ (139,786)
167	Construction in progress	\$ -	\$ -	\$ -	\$ -
168	Infrastructure	\$ -	\$ -	\$ -	\$ -
160	Total capital assets, net of accumulated depreciation	\$ 1,391,947	\$ -	\$ 703,523	\$ 688,424

171	Notes, Loans, & mortgages receivable - Non-current	\$ -		\$ -	
171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	\$ -	\$ -	\$ -	\$ -
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	\$ -	\$ -	\$ -
171-060	Other - Comment				
	Notes, Loans, & mortgages receivable - Non-current	\$ -	\$ -	\$ -	\$ -
172	Notes, Loans, & mortgages receivable - Noncurrent - past due				
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - Not For Profit	\$ -	\$ -	\$ -	\$ -
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	\$ -	\$ -	\$ -
172-060	Other - Comment				
	Notes, Loans, & mortgages receivable - Non-current - past due	\$ -	\$ -	\$ -	\$ -
173	Grants receivable - Non-current	\$ -	\$ -	\$ -	\$ -
174	Other assets				
174-010	Other assets - Not For Profit	\$ -	\$ -	\$ -	\$ -
174-020	Other assets - Partnership	\$ -	\$ -	\$ -	\$ -
174-030	Other assets - Joint Venture	\$ -	\$ -	\$ -	\$ -
174-040	Other assets - Tax Credit	\$ -	\$ -	\$ -	\$ -
174-050	Other assets - Other	\$ -	\$ -	\$ -	\$ -
174-060	Other - Comment				
	Other assets	\$ -	\$ -	\$ -	\$ -
176	Investment in joint venture				
176-010	Investment in Joint venture - Not For Profit	\$ -	\$ -	\$ -	\$ -
176-020	Investment in Joint venture - Partnership	\$ -	\$ -	\$ -	\$ -
176-030	Investment in Joint venture - Joint Venture	\$ -	\$ -	\$ -	\$ -
176-040	Investment in Joint venture - Tax Credit	\$ -	\$ -	\$ -	\$ -
176-050	Investment in Joint venture - Other	\$ -	\$ -	\$ -	\$ -
176-060	Other - Comment				
	Investment in joint venture	\$ -	\$ -	\$ -	\$ -

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF LEMMON, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended September 30, 2012

Line Item No.	Description	Total Programs	Elimination	14.850a	Business Activities
				Total Low Rent and Capital Fund	
180	Total Non-current Assets	\$ 1,391,947	\$ -	\$ 703,523	\$ 688,424
190	Total Assets	\$ 1,551,204	\$ -	\$ 837,523	\$ 713,681
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	\$ 13,380	\$ -	\$ 4,368	\$ 9,012
313	Accounts payable > 90 days past due	\$ -	\$ -	\$ -	\$ -
321	Accrued wage/payroll taxes payable	\$ 1,088	\$ -	\$ 1,088	\$ -
322	Accrued compensated absences - current portion	\$ 841	\$ -	\$ 828	\$ 13
324	Accrued contingency liability	\$ -	\$ -	\$ -	\$ -
325	Accrued interest payable	\$ 1,662	\$ -	\$ -	\$ 1,662
331	Accounts payable - HUD PHA Programs				
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	\$ -	\$ -	\$ -	\$ -
331-020	Accounts payable - HUD PHA Programs - Capital fund	\$ -	\$ -	\$ -	\$ -
331-030	Accounts payable - HUD PHA Programs - Other	\$ -	\$ -	\$ -	\$ -
	Accounts payable - HUD PHA Programs	\$ -	\$ -	\$ -	\$ -
332	Accounts payable - PHA Projects	\$ -	\$ -	\$ -	\$ -
333	Accounts payable - other government	\$ 14,140	\$ -	\$ 6,898	\$ 7,242
341	Tenant security deposits	\$ 8,960	\$ -	\$ 2,520	\$ 6,440
342	Deferred revenue				
342-010	Deferred revenue - Operating Subsidy	\$ -	\$ -	\$ -	\$ -
342-020	Deferred revenue - Capital fund	\$ -	\$ -	\$ -	\$ -
342-030	Deferred revenue - Other	\$ 657	\$ -	\$ 657	\$ -
	Deferred revenue	\$ 657	\$ -	\$ 657	\$ -
343	Current portin of long-term debt - capital projects/mortgage revenue bonds				
343-010	CFFP	\$ -	\$ -	\$ -	\$ -
343-020	Capital Projects/ Mortgage Revenue	\$ 27,607	\$ -	\$ -	\$ 27,607
	Current portion of long-term debt - capital projects/mortgage revenue bonds	\$ 27,607	\$ -	\$ -	\$ 27,607
344	Current portion of long-term debt - operating borrowings	\$ -	\$ -	\$ -	\$ -
345	Other current liabilities	\$ -	\$ -	\$ -	\$ -
346	Accrued liabilities - other	\$ 3,218	\$ -	\$ 2,894	\$ 324
347	Inter program - due to	\$ -	\$ -	\$ -	\$ -
348	Loan liability - current	\$ -	\$ -	\$ -	\$ -
348-010	Loan liability - current - Not For Profit	\$ -	\$ -	\$ -	\$ -
348-020	Loan liability - current - Partnership	\$ -	\$ -	\$ -	\$ -
348-030	Loan liability - current - Joint Venture	\$ -	\$ -	\$ -	\$ -
348-040	Loan liability - current - Tax Credit	\$ -	\$ -	\$ -	\$ -
348-050	Loan liability - current - Other	\$ -	\$ -	\$ -	\$ -
348-060	Other - Comment				
	Loan liability - current	\$ -	\$ -	\$ -	\$ -
310	Total Current Liabilities	\$ 71,553	\$ -	\$ 19,253	\$ 52,300
351	Capital Projects/Mortgage Revenue Bonds				

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF LEMMON, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended September 30, 2012

				14.850a	
Line Item No.	Description	Total Programs	Elimination	Total Low Rent and Capital Fund	Business Activities
351-010	Long-term debt - CFFP	\$ -	\$ -	\$ -	\$ -
351-020	Long-term - Capital Projects/ Mortgage Revenue	\$ 618,374	\$ -	\$ -	\$ 618,374
	Capital Projects/ Mortgage Revenue Bonds	\$ 618,374	\$ -	\$ -	\$ 618,374
352	Long-term debt, net of current - operating borrowings	\$ -	\$ -	\$ -	\$ -
353	Non-current liabilities - other	\$ -	\$ -	\$ -	\$ -
354	Accrued compensated absences- Non-current	\$ 1,631	\$ -	\$ 1,606	\$ 25
355	Loan liability - Non-current	\$ -		\$ -	
355-010	Loan liability - Non-current - Not For Profit	\$ -	\$ -	\$ -	\$ -
355-020	Loan liability - Non-current - Partnership	\$ -	\$ -	\$ -	\$ -
355-030	Loan liability - Non-current - Joint Venture	\$ -	\$ -	\$ -	\$ -
355-040	Loan liability - Non-current - Tax Credit	\$ -	\$ -	\$ -	\$ -
355-050	Loan liability - Non-current - Other	\$ -	\$ -	\$ -	\$ -
355-060	Other - Comment				
	Loan liability - Non-current	\$ -	\$ -	\$ -	\$ -
356	FASB 5 Liabilities	\$ -	\$ -	\$ -	\$ -
357	Accrued Pension and OPEB Liability	\$ -	\$ -	\$ -	\$ -
350	Total Non-current liabilities	\$ 620,005	\$ -	\$ 1,606	\$ 618,399
300	Total Liabilities	\$ 691,558	\$ -	\$ 20,859	\$ 670,699
508.1	Invested in capital assets, net of related debt	\$ 745,966	\$ -	\$ 703,523	\$ 42,443
511.1	Restricted Net Assets	\$ -	\$ -	\$ -	\$ -
512.1	Unrestricted Net Assets	\$ 113,680	\$ -	\$ 113,141	\$ 539
513	Total Equity/Net Assets	\$ 859,646	\$ -	\$ 816,664	\$ 42,982
600	Total Liabilities and Equity/Net assets	\$ 1,551,204	\$ -	\$ 837,523	\$ 713,681

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF LEMMON, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended September 30, 2012

			14.850a	14.872	
Line Item No.	Description	Total Programs	Low Rent	Capital Fund Program	Business Activities
Income Statement					
70300	Net tenant rental revenue	\$ 194,214	\$ 119,376	\$ -	\$ 74,838
70400	Tenant revenue - other	\$ 5,702	\$ 3,468	\$ -	\$ 2,234
70500	Total Tenant Revenue	\$ 199,916	\$ 122,844	\$ -	\$ 77,072
70600	HUD PHA operating grants	\$ 44,015	\$ 33,142	\$ 10,873	\$ -
70600-010	Housing assistance payments	\$ -	\$ -	\$ -	\$ -
70600-020	Ongoing administrative fees earned	\$ -	\$ -	\$ -	\$ -
70600-030	Hard to house fee revenue	\$ -	\$ -	\$ -	\$ -
70600-031	FSS Coordinator	\$ -	\$ -	\$ -	\$ -
70600-040	Actual independent public accountant audit costs	\$ -	\$ -	\$ -	\$ -
70600-050	Total preliminary fees earned	\$ -	\$ -	\$ -	\$ -
70600-060	All other fees	\$ -	\$ -	\$ -	\$ -
70600-070	Admin fee calculation description	\$ -	\$ -	\$ -	\$ -
	HUD PHA operating grants	\$ 44,015	\$ 33,142	\$ 10,873	\$ -
70610	Capital grants	\$ 7,354	\$ -	\$ 7,354	\$ -
70710	Management Fee	\$ -	\$ -	\$ -	\$ -
70720	Asset Management Fee	\$ -	\$ -	\$ -	\$ -
70730	Book-Keeping Fee	\$ -	\$ -	\$ -	\$ -
70740	Front Line Service Fee	\$ -	\$ -	\$ -	\$ -
70750	Other Fees	\$ -	\$ -	\$ -	\$ -
70700	Total Fee Revenue	\$ -	\$ -	\$ -	\$ -
70800	Other government grants	\$ -	\$ -	\$ -	\$ -
71100	Investment income - unrestricted	\$ -			
71100-010	Housing Assistance Payment	\$ -	\$ -	\$ -	\$ -
71100-020	Administrative Fee	\$ 533	\$ 530	\$ -	\$ 3
	Investment income - unrestricted	\$ 533	\$ 530	\$ -	\$ 3
71200	Mortgage interest income	\$ -	\$ -	\$ -	\$ -
71300	Proceeds from disposition of assets held for sale	\$ -	\$ -	\$ -	\$ -
71310	Cost of sale of assets	\$ -	\$ -	\$ -	\$ -
71400	Fraud recovery	\$ -			
71400-010	Housing Assistance Payment	\$ -	\$ -	\$ -	\$ -
71400-020	Administrative Fee	\$ -	\$ -	\$ -	\$ -
	Fraud recovery	\$ -	\$ -	\$ -	\$ -
71500	Other revenue	\$ 3,729	\$ 2,954	\$ -	\$ 775
71600	Gain or loss on sale of capital assets	\$ 1,245	\$ 1,245	\$ -	\$ -
72000	Investment income - restricted	\$ -			
72000-010	Housing Assistance Payment	\$ -	\$ -	\$ -	\$ -
72000-020	Administrative Fee	\$ -	\$ -	\$ -	\$ -
	Investment income - restricted	\$ -	\$ -	\$ -	\$ -
70000	Total Revenue	\$ 256,792	\$ 160,715	\$ 18,227	\$ 77,850
91100	Administrative salaries	\$ 30,410	\$ 29,656	\$ -	\$ 754
91200	Auditing fees	\$ 6,600	\$ 6,435	\$ -	\$ 165
91300	Management Fee	\$ -	\$ -	\$ -	\$ -
91310	Book-Keeping Fee	\$ -	\$ -	\$ -	\$ -
91400	Advertising and Marketing	\$ 533	\$ 495	\$ -	\$ 38
91500	Employee benefit contributions - administrative	\$ 11,300	\$ 11,052	\$ -	\$ 248
91600	Office Expenses	\$ 4,315	\$ 4,209	\$ -	\$ 106

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF LEMMON, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended September 30, 2012

Line Item No.	Description	Total Programs	14.850a	14.872	
			Low Rent	Capital Fund Program	Business Activities
91700	Legal Expense	\$ 262	\$ 110	\$ -	\$ 152
91800	Travel	\$ 2,436	\$ 2,391	\$ -	\$ 45
91810	Allocated Overhead	\$ -	\$ -	\$ -	\$ -
91900	Other	\$ 7,277	\$ 7,070	\$ -	\$ 207
91000	Total Operating-Administrative	\$ 63,133	\$ 61,418	\$ -	\$ 1,715
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -
92100	Tenant services - salaries	\$ -	\$ -	\$ -	\$ -
92200	Relocation Costs	\$ -	\$ -	\$ -	\$ -
92300	Employee benefit contributions - tenant services	\$ -	\$ -	\$ -	\$ -
92400	Tenant services - other	\$ 2,223	\$ 2,223	\$ -	\$ -
92500	Total Tenant Services	\$ 2,223	\$ 2,223	\$ -	\$ -
93100	Water	\$ 8,874	\$ 7,606	\$ -	\$ 1,268
93200	Electricity	\$ 28,606	\$ 28,544	\$ -	\$ 62
93300	Gas	\$ 9,034	\$ 9,034	\$ -	\$ -
93400	Fuel	\$ -	\$ -	\$ -	\$ -
93500	Labor	\$ -	\$ -	\$ -	\$ -
93600	Sewer	\$ 5,217	\$ 5,217	\$ -	\$ -
93700	Employee benefit contributions - utilities	\$ -	\$ -	\$ -	\$ -
93800	Other utilities expense	\$ 1,087	\$ -	\$ -	\$ 1,087
93000	Total Utilities	\$ 52,818	\$ 50,401	\$ -	\$ 2,417
94100	Ordinary maintenance and operations - labor	\$ 33,314	\$ 33,314	\$ -	\$ -
94200	Ordinary maintenance and operations - materials and other	\$ 36,014	\$ 25,552	\$ -	\$ 10,462
94300	Ordinary Maintenance and Operations Contracts	\$ -			
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ 465	\$ 376	\$ -	\$ 89
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	\$ 343	\$ 303	\$ -	\$ 40
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	\$ -	\$ -	\$ -	\$ -
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	\$ -	\$ -	\$ -	\$ -
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	\$ 4,784	\$ 3,796	\$ -	\$ 988
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	\$ 2,540	\$ 86	\$ -	\$ 2,454
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	\$ 620	\$ 620	\$ -	\$ -
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	\$ 1,397	\$ 928	\$ -	\$ 469
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	\$ 1,036	\$ 1,036	\$ -	\$ -
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ -	\$ -	\$ -	\$ -
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	\$ 148	\$ 148	\$ -	\$ -
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ 25,262	\$ 14,571	\$ -	\$ 10,691
	Ordinary Maintenance and Operations Contracts	\$ 36,595	\$ 21,864	\$ -	\$ 14,731
94500	Employee benefit contribution - ordinary maintenance	\$ 11,186	\$ 11,186		
94000	Total Maintenance	\$ 117,109	\$ 91,916	\$ -	\$ 25,193
95100	Protective services - labor	\$ -	\$ -	\$ -	\$ -

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF LEMMON, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended September 30, 2012

Line Item No.	Description	Total Programs	14.850a	14.872	Business Activities
			Low Rent	Capital Fund Program	
95200	Protective services - other contract costs	\$ -	\$ -	\$ -	\$ -
95300	Protective services - other	\$ -	\$ -	\$ -	\$ -
95500	Employee benefit contributions - protective services	\$ -	\$ -	\$ -	\$ -
95000	Total Protective Services	\$ -	\$ -	\$ -	\$ -
96110	Property Insurance	\$ 4,424	\$ 4,383	\$ -	\$ 41
96120	Liability Insurance	\$ 2,474	\$ 774	\$ -	\$ 1,700
96130	Workmen's Compensation	\$ 2,170	\$ 2,116	\$ -	\$ 54
96140	All Other Insurance	\$ 2,461	\$ 2,220	\$ -	\$ 241
96100	Total Insurance Premiums	\$ 11,529	\$ 9,493	\$ -	\$ 2,036
96200	Other general expenses	\$ 179	\$ 179	\$ -	\$ -
96210	Compensated absences	\$ 2,873	\$ 2,831	\$ -	\$ 42
96300	Payments in lieu of taxes	\$ 14,467	\$ 6,898	\$ -	\$ 7,569
96400	Bad debt - tenant rents	\$ 2,269	\$ 2,269	\$ -	\$ -
96500	Bad debt - mortgages	\$ -	\$ -	\$ -	\$ -
96600	Bad debt - other	\$ -	\$ -	\$ -	\$ -
96800	Severance expense	\$ -	\$ -	\$ -	\$ -
96000	Total Other General Expenses	\$ 19,788	\$ 12,177	\$ -	\$ 7,611
96710	Interest of Mortgage (or Bonds) Payable	\$ 21,801	\$ -	\$ -	\$ 21,801
96720	Interest on Notes Payable (Short and Long Term)	\$ -	\$ -	\$ -	\$ -
96730	Amortization of Bond Issue Costs	\$ -	\$ -	\$ -	\$ -
96700	Total Interest Expense and Amortization Cost	\$ 21,801	\$ -	\$ -	\$ 21,801
96900	Total Operating Expenses	\$ 288,401	\$ 227,628	\$ -	\$ 60,773
97000	Excess Revenue Over Operating Expenses	\$ (31,609)	\$ (66,913)	\$ 18,227	\$ 17,077
97100	Extraordinary maintenance	\$ -	\$ -	\$ -	\$ -
97200	Casualty losses- Non-capitalized	\$ -	\$ -	\$ -	\$ -
97300	Housing assistance payments				
97300-010	Mainstream 1 & 5 year	\$ -	\$ -	\$ -	\$ -
97300-020	Home-Ownership	\$ -	\$ -	\$ -	\$ -
97300-025	Litigation	\$ -	\$ -	\$ -	\$ -
97300-030	Hope IV	\$ -	\$ -	\$ -	\$ -
97300-035	Moving to Work	\$ -	\$ -	\$ -	\$ -
97300-040	Tenant Protection	\$ -	\$ -	\$ -	\$ -
97300-050	All Other	\$ -	\$ -	\$ -	\$ -
	Housing assistance payments	\$ -	\$ -	\$ -	\$ -
97350	HAP Portability-in	\$ -	\$ -	\$ -	\$ -
97400	Depreciation expense	\$ 94,632	\$ 72,310	\$ 2,671	\$ 19,651
97500	Fraud losses	\$ -	\$ -	\$ -	\$ -
97800	Dwelling units rent expense	\$ -	\$ -	\$ -	\$ -
90000	Total Expenses	\$ 383,033	\$ 299,938	\$ 2,671	\$ 80,424
10010	Operating transfer in	\$ 10,873	\$ 10,873	\$ -	\$ -
10020	Operating transfer out	\$ (10,873)	\$ -	\$ (10,873)	\$ -
10030	Operating transfers from / to primary government	\$ -			
10030-010	Not For Profit	\$ -	\$ -	\$ -	\$ -
10030-020	Partnership	\$ -	\$ -	\$ -	\$ -
10030-030	Joint Venture	\$ -	\$ -	\$ -	\$ -

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF LEMMON, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended September 30, 2012

Line Item No.	Description	Total Programs	14.850a	14.872	Business Activities
			Low Rent	Capital Fund Program	
10030-040	Tax Credit	\$ -	\$ -	\$ -	\$ -
10030-050	Other	\$ -	\$ -	\$ -	\$ -
10030-060	Other Comment	\$ -	\$ -	\$ -	\$ -
10030	Operating transfers from / to primary government	\$ -	\$ -	\$ -	\$ -
10040	Operating transfers from / to component unit	\$ -	\$ -	\$ -	\$ -
10070	Extraordinary items, net gain/loss	\$ -	\$ -	\$ -	\$ -
10080	Special items, net gain/loss	\$ -	\$ -	\$ -	\$ -
10091	Inter Project Excess Cash Transfer In	\$ -	\$ -	\$ -	\$ -
10092	Inter Project Excess Cash Transfer Out	\$ -	\$ -	\$ -	\$ -
10093	Transfers between Programs and Projects - in	\$ -	\$ -	\$ -	\$ -
10094	Transfers between Programs and Projects - out	\$ -	\$ -	\$ -	\$ -
10100	Total other financing sources (uses)	\$ -	\$ 10,873	\$ (10,873)	\$ -
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (126,241)	\$ (128,350)	\$ 4,683	\$ (2,574)
11020	Required Annual Debt Principal Payments	\$ 16,510	\$ -	\$ -	\$ 16,510
11030	Beginning equity	\$ 985,887	\$ 896,688	\$ 43,643	\$ 45,556
11040	Prior period adjustments, equity transfers, and correction of errors	\$ -			
11040-010	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -
11040-020	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -
11040-030	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -
11040-040	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -
11040-050	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -
11040-060	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -	\$ -
11040-070	Equity Transfers	\$ -	\$ 21,968	\$ (21,968)	\$ -
11040-080	Equity Transfers	\$ -	\$ -	\$ -	\$ -
11040-090	Equity Transfers	\$ -	\$ -	\$ -	\$ -
11040-100	Equity Transfers	\$ -	\$ -	\$ -	\$ -
11040-110	Equity Transfers	\$ -	\$ -	\$ -	\$ -
	Prior period adjustments, equity transfers, and correction of errors	\$ -	\$ 21,968	\$ (21,968)	\$ -
11170	Administrative Fee Equity				
11170-001	Administrative Fee Equity- Beginning Balance	\$ -	\$ -	\$ -	\$ -
11170-010	Administrative Fee Revenue	\$ -	\$ -	\$ -	\$ -
11170-020	Hard to House Fee Revenue	\$ -	\$ -	\$ -	\$ -
11170-021	FSS Coordinator Grant	\$ -	\$ -	\$ -	\$ -
11170-030	Audit Costs	\$ -	\$ -	\$ -	\$ -
11170-040	Investment Income	\$ -	\$ -	\$ -	\$ -
11170-045	Fraud Recovery Revenue	\$ -	\$ -	\$ -	\$ -
11170-050	Other Revenue	\$ -	\$ -	\$ -	\$ -
11170-051	Comment for Other Revenue				
11170-060	Total Admin Fee Revenues	\$ -	\$ -	\$ -	\$ -
11170-080	Total Operating Expenses	\$ -	\$ -	\$ -	\$ -
11170-090	Depreciation	\$ -	\$ -	\$ -	\$ -
11170-095	Housing Assistance Portability In	\$ -	\$ -	\$ -	\$ -
11170-100	Other Expenses	\$ -	\$ -	\$ -	\$ -
11170-101	Comment for Other Expense				

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF LEMMON, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended September 30, 2012

Line Item No.	Description	Total Programs	14.850a	14.872	Business Activities
			Low Rent	Capital Fund Program	
11170-110	Total Expenses	\$ -	\$ -	\$ -	\$ -
11170-002	Net Administrative Fee	\$ -	\$ -	\$ -	\$ -
11170-003	Administrative Fee Equity- Ending Balance	\$ -	\$ -	\$ -	\$ -
	Administrative Fee Equity	\$ -	\$ -	\$ -	\$ -
11180	Housing Assistance Payments Equity				
11180-001	Housing Assistance Payments Equity - Begining Balance	\$ -	\$ -	\$ -	\$ -
11180-010	Housing Assistance Payment Revenues	\$ -	\$ -	\$ -	\$ -
11180-015	Fraud Recovery Revenue	\$ -	\$ -	\$ -	\$ -
11180-020	Other Revenue	\$ -	\$ -	\$ -	\$ -
11180-021	Comment for Other Revenue				
11180-025	Investment Income	\$ -	\$ -	\$ -	\$ -
11180-030	Total HAP Revenues	\$ -	\$ -	\$ -	\$ -
11180-080	Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -
11180-090	Other Expenses	\$ -	\$ -	\$ -	\$ -
11180-091	Comments for Other Expenses				
11180-100	Total Housing Assistance Payments Expenses	\$ -	\$ -	\$ -	\$ -
11180-002	Net Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ -	\$ -	\$ -	\$ -
	Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ -
11190	Unit Months Available				
11190-210	Total ACC HCV Units	622	516	-	106
11190-220	Unfunded Units	-	-	-	-
11190-230	Other Adjustments	-	-	-	-
11190	Unit Months Available	622	516	-	106
11210	Unit Months Leased	615	510	-	105
11270	Excess Cash	\$ 89,972	\$ 89,972	\$ -	\$ -
11610	Land Purchases	\$ -	\$ -	\$ -	\$ -
11620	Building Purchases	\$ 7,354	\$ -	\$ 7,354	\$ -
11630	Furniture & Equipment-Dwelling Purchases	\$ -	\$ -	\$ -	\$ -
11640	Furniture & Equipment-Administrative Purchases	\$ 10,120	\$ 10,120	\$ -	\$ -
11650	Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -
11660	Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -
13510	CFFP Debt Service Payments	\$ -	\$ -	\$ -	\$ -
13901	Replacement Housing Factor Funds	\$ -	\$ -	\$ -	\$ -

THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended September 30, 2012

Financial Statements		
Element	Description	Value
G3000-005	Financial Statements Using Basis Other Than GAAP	NO
G3000-010	Fund Opinion(s)	-
-	Qualified Opinion	NO
-	Unqualified Opinion	YES
-	Adverse Opinion	NO
-	Disclaimer Opinion	NO
G3000-020	"Going Concern" Indicator	NO
G3000-030	Significant Deficiency Indicator	YES
G3000-230	Does the Deficiency relate to the Low Rent or Capital Fund?	YES
G3000-240	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	1
G3000-040	Material Weakness Indicator	NO
G3000-250	Does the material weakness relate to the Low Rent or Capital Fund Program?	NO
G3000-260	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-
G3000-050	Material Noncompliance Indicator	NO
G3000-270	Does the non-compliance relate to the Low Rent or Capital Fund Program?	NO
G3000-280	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-
G3000-060	Fraud	NO
G3000-290	Does the activity relate to the Low Rent or Capital Fund Program?	NO
G3000-300	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-
G3000-070	Illegal Acts	NO
G3000-310	Does the activity relate to the Low Rent or Capital Fund Program?	NO
G3000-320	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-
G3000-080	Abuse	NO
G3000-330	Does the activity relate to the Low Rent or Capital Fund Program?	NO
G3000-340	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-

THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF PIERRE, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended June 30, 2012

Financial Statement Fund Opinion Details		
Element	Description	Details
G3000-200	Fund Type of the fund containing the listed program	MAJOR
G3000-210	Fund Opinion of the fund containing the listed program	UNQUALIFIED
G3000-220	Is the departure or qualification related to the Capital Fund or Low Rent Programs?	N/A

IF YOU DO NOT RECEIVE AN A-133 AUDIT, DO NOT COMPLETE THIS TAB.

Federal Programs		
Element	Description	Value
G4000-020	Dollar Threshold Used to Distinguish Type A and Type B Programs	\$0
G4000-030	Low-Risk Auditee Indicator	-
G4000-040	Indicator-Any Audit Findings Disclosed that are Required to be Reported	-
G4000-080	Was a Schedule of Prior Audit Findings prepared?	-
G4100-040	Total Federal Awards Expended (This cell is populated by G4100-030 from the "Federal Award Details" Tab)	\$0

THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF PIERRE, SOUTH DAKOTA
Financial Data Schedule
For the Year Ended June 30, 2012

**FOR ALL NON-FEDERAL PROGRAMS LISTED, PLEASE LEAVE THOSE COLUMNS
IF YOU DO NOT RECEIVE AN A-133 AUDIT, DO NOT COMPLETE THIS TAB.**

Federal Award Details		
Element	Description	Details
G4100-030	Amount Expended	\$0
G4200-010	Major Federal Program Indicator	-
G4200-050	Type of Opinion on Major Federal Program	-
G4200-060	Number of A-133 Compliance Audit Findings	-
G4200-100	Significant Deficiency Indicator	-
G4200-200	Number of Significant Deficiencies	-
G4200-110	Material Weakness Indicator	-
G4200-210	Number of Material Weaknesses	-
G4200-120	Material Noncompliance Indicator	-
G4200-220	Number of Material Noncompliance	-
G4200-070	Audit Finding Reference Number	-
G4200-090	Are Awards Received Directly from a Federal Agency?	-
G4100-050	Total Amount of Questioned Costs	\$0

Supplemental Information		
Element	Description	Value
G3100-040	SAS 29 "in relation to" opinion on the Financial Data Schedule	FAIRLY STATED
G3100-050	Is MD&A omitted ?	NO
G3100-060	Is other supplemental information omitted?	NO



certified public accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
The Housing and Redevelopment Commission
Of the City of Lemmon, South Dakota

We have audited the financial statements of **The Housing and Redevelopment Commission of the City of Lemmon, South Dakota**, a component unit of the City of Lemmon, South Dakota (the Commission) as of and for the year ended September 30, 2012, and have issued our report thereon dated June 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Housing and Redevelopment Commission of the City of Lemmon, South Dakota's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of The Housing and Redevelopment Commission of the City of Lemmon, South Dakota's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Housing and Redevelopment Commission of the City of Lemmon, South Dakota's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Madison Office
112 South Eagan Avenue
PO Box 505
Madison, SD 57042
605-256-9165
Fax: 605-256-2872

Yankton Office
207 Douglas Ave
PO Box 1018
Yankton, SD 57078
605-665-4401
Fax: 605-665-0592

Sioux Falls Office
507 West 10th Street
PO Box 876
Sioux Falls, SD 57101
605-336-0372
Fax: 605-336-6842

Toll Free: 1-800-456-0889

e-mail: wrc@wrccpa.com

Member of: Private Companies Practice Section American Institute of CPA's, South Dakota Society of CPA's

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described as Finding 2012-1 in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Housing and Redevelopment Commission of the City of Lemmon, South Dakota's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Commission's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the Commission in a separate communication dated June 20, 2013.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, and the governing board and management of the Commission and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §__.320, this report is matter of public record and its distribution is not limited.

Wohlschlag Ritzman + Co., LLC

June 20, 2013
Yankton, South Dakota

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

**SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2012**

Prior Audit Findings

Segregation of Duties	Repeated as Finding 2012 - 1
-----------------------	------------------------------

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

Finding 2012 - 1 Segregation of Duties (Repeat Finding)

Significant Deficiency

Condition:

Our study and evaluation of internal control structure policies and procedures disclosed that there is a weakness in controls in effect at The Housing and Redevelopment Commission of the City of Lemmon, South Dakota (the Commission) relating to a lack of segregation of duties.

Questioned Costs:

None.

Criteria:

Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Effect:

At times there is an inadequate segregation of duties for these accounting functions. Although the staff attempts to divide the various tasks so that one person does not control a transaction from beginning to end, that is not always possible.

Recommendation:

Management and the Board of Commissioners should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. The most effective controls lie in the Management's knowledge of the matters relating to the Commission's operations, and their monthly review of expenditures and financial information.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LEMMON, SOUTH DAKOTA, A COMPONENT UNIT
OF THE CITY OF LEMMON, SOUTH DAKOTA**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

SECTION II FINDINGS – FINANCIAL STATEMENTS AUDIT

2012 – 1 Segregation of Duties, continued

Management's Response:

The Executive Director of the Commission is the contact person responsible for the corrective action plan. This finding is a result of the size of the Commission, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Commission's Management has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for accounting functions. The Commission's Management is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties regarding accounting functions continues to exist.